Fowler, Charles Newell

Speech on the free coinage of silver at the...

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SPEECH

ON THE

FREE COINAGE OF SILVER

AT THE

RATIO OF 16 TO 1

BY

HON. CHARLES N. FOWLER,

OF NEW JERSEY,

IN THE

HOUSE OF REPRESENTATIVES,

February 11, 1896;

ALSO

His Banking Bill, to take the Government out of the Banking Business, Refund the National Debt, Reform the Currency, and to Improve and Extend our Banking System.

WASHINGTON.
1896.

SPEECH

OF

HON. CHARLES N. FOWLER.

The House having under consideration the bill (H. R. 2904) to maintain and protect the coin redemption fund, and to authorize the issue of certificates of indebtedness to meet temporary deficiencies of the revenue—

Mr. FOWLER said:

Mr. SPEAKER: It is the special duty, it seems to me, of Representatives to approach the discussion of a question like the one before the House with a judicial spirit, rather than that of a special attorney. A special desire should exist to rather learn the truth than defend a case.

Certain things have been established in this connection beyond a doubt. They rest upon no hypothesis nor course of reasoning. They have gone into history, and no attempt is made on the part of any intelligent or fair-minded man to contradict or question them even. It is upon these that we must rely, rather than suppositions, or theories, or hypotheses, or wishes, or ought-to-have-beens, when dealing with so delicate a thing as credit and a matter so comprehensive as to involve every life-insurance policy, every deposit in a bank, every piece of property in the United States, every day's labor, and thus materially affect every man, woman, and child in the land.

Let us see, then, how many of these great milestones there are along the line of the financial experience of the United States. Let us stop theorizing and seek truths or facts without attempting to explain them away, until, at least, we have completed the line of investigation and are certain of our steps and can measure the consequences.

In the first place, it is a historical fact, established beyond question, that at the time the investigation was made for the purpose of establishing the ratio between gold and silver, in 1792, Alexander Hamilton, one of the most thorough and discriminating scholars the world has produced, found that the nearest approximate value of the two metals at that time was 15 to 1. It was established beyond doubt that owing to the slight difference of value gold disappeared from circulation.

Second. It is well known to everyone that in 1834, owing to the fact that gold had disappeared, another investigation took place and the ratio of 16 to 1 was established. It turned out that this ratio favored gold sufficiently to make silver a commodity, which fact led to the gradual disappearance of silver from circulation. So clearly was this established, and so certainly was all of our silver disappearing, being bought up and shipped out of the country because worth more than its face value, that the Government in 1853 reduced the coin value of our subsidiary coins for the purpose of insuring their circulation, and the plan was successful. The disappearance of gold in the first instance and of

silver in the second disclosed no new truth, but only added our own experience to a well-established principle that the poorer always drives out the better money.

I agree with the gentleman from Minnesota [Mr. TOWNE], that nothing is more conducive to a full and satisfactory understanding of any question than a settlement of terms; indeed, that it is absolutely necessary for an intelligent discussion of any proposition. His definition of bimetallism was that—

> Bimetallism is a monetary system where the mints are open to gold and silver on equal terms, at a fixed ratio, and where both have the same debt-paying power; the debtor having the option of the kind of money he shall pay.

"Bimetallism" is a new word, and so new as not to be found in Webster's Unabridged Dictionary of 1888.

It is interesting to observe, however, that the definition of bimetallism found in the Century Dictionary, now the leading authority on such subjects, is utterly at variance with the definition adopted by the gentleman from Minnesota, and is as follows:

> *Bimetallic.*—This word and its derivatives are of recent origin, M. Cernuschi having been the first to use "bimetallique" in 1869 and "bimetallic" in 1876. Of or pertaining to two metals; specifically, pertaining to the use of a double metallic standard in currency.
>
> *Bimetallism.*—Bimetallism pertains to the use of two metals as money at relative values set by legislative enactment; the union of two metals in circulation as money at a fixed rate. Specifically, that system of coinage which recognizes both coins of silver and coins of gold as legal tender to any amount, or the concurrent use of coins of two metals as a circulating medium at a fixed relative value.

From this it is apparent that there are two distinct definitions of bimetallism. The theoretical bimetallism opens the mints for the two metals, the dearer one never coining and the poorer one only circulating, while practical bimetallism secures the circulation of the two metals side by side, the dearer one carrying a margin of credit in the poorer one and the country having the benefit of both as money.

If there is any such confusion in the public mind as these two definitions would naturally breed, it is high time that the Republican party declared itself emphatically in favor of that bimetallism that actually bimetallizes both gold and silver. A bimetallism that does not bimetallize the two metals, but with absolute certainty monometallizes the cheaper metal and always drives out the better, is, in very truth, monomaniacal bimetallic monometallism—an intoxication with a theory.

It reminds me of the man who, in his trip around the world, had brought home the one bird of all others that filled the air with enchanting song. He waited two long years for the sweet warble of its most promising throat. One day, looking at its beautiful plumage with a friend, he remarked that he had at great expense and much pains brought this wonderful singing bird from the very interior of China, but he had a most striking peculiarity as a songster, and that is: "The damn thing don't sing." Now, the Republican party wants a bimetallism that bimetallizes both gold and silver. Let us here and now declare that we are in favor of the practical as against the theoretical, upon the same ground that we are in favor of protection as against free trade. Let us declare that we are in favor of that metal as a basis of our business transactions that is the least variable in value, and as a result of experience has been adopted by all the great commercial nations of the earth.

The gentleman from Minnesota, my friend, Mr. TOWNE, as a specimen of silver logic, declared that if a horse had sold for $100 in gold in 1890 and that he could obtain but $50 in gold for it to-day, it was just as proper to say that the gold had risen 100 per cent as to say that the price of the horse had fallen 50 per cent. And he makes this statement when every man, woman, and child from the Atlantic to the Pacific knows that the horse is not actually worth more than one-half as much in the market because of the bicycle, the cable car, and the use of electricity, while the hundred dollars in gold will buy practically the same amount of everything that the average man wants to eat, wear, or use that it did in 1890.

Third. It is a fact that in 1873, under the operation of this same law of the poorer money driving out the better, paper had driven out both gold and silver, and there was not a dollar of either to be found in circulation. Therefore, it is not true, as stated by one gentleman, that by demonetizing silver a double burden was thrown upon gold and thereby its value doubled. For how can you remove the burden from a horse when there is no horse in existence? Nor was its value affected in the slightest degree, for neither gold nor silver was doing any commercial work whatever, the whole of our money, every dollar of it, resting upon the credit of our country. It will be well to observe in passing that since silver was worth 104, there was no possible reason for demonetizing it, as the whole history of the country had shown that its price of 104 literally and absolutely removed it from circulation. Owing to these two facts, then—first, that neither gold nor silver was doing any money work; second, that silver was worth 104 and would not have been in circulation even if we had not demonetized it—it is absolutely true that no act of the Government did in any way affect silver at that time.

Fourth. The next great fact that is established beyond question, and about which there is no possible doubt, is that, owing to the decreasing value of silver, which in 1878 had fallen to 89 cents, the mine owners wanted the United States to again become a buyer, and the result was the passage of the Bland-Allison Act. By this act the Government, from 1878 to 1890, purchased 288,474,639.04 ounces, costing the Government $305,229,834.38, or an average of $23,479,218.03 per annum, about one-half the product. The bullion value of the silver dollar in 1878 was, as stated, 89 cents, from which price there was a constant depreciation until it had reached 74 cents in 1890.

Upon the passage of the Sherman Act, which consumed for the years 1891, 1892, and 1893 two-thirds of the product, it took an upward start, and in 1891 ran up to 92 cents, and then down to 74 cents, averaging 81 cents. From that date down to this year it has continued to fall, reaching the low price of 49 cents. Under the Sherman Act it will be observed that the Government purchased for the three years 1891, 1892, and 1893 a total of 156,757,023.75 ounces, at a cost of $147,215,480.93, or an average of $49,071,826.97. By referring to the table of production it will be observed that the amount of silver produced from 1878 to 1890 was $660,256,000, or an average of $50,788,923, and for the years 1891, 1892, and 1893, $235,094,000, or an average of $78,364,667, and, strange as it may seem, though we had largely increased the relative amount consumed of the amount produced, the price continued to fall.

Fifth. It is a fact about which there is no question that the Government did resume specie payments January 1, 1879, and that the Government has maintained a gold standard from that date up to the present time. Now, it has been shown that if the two metals are both entitled to free coinage without making one of the metals carry a margin of credit in the other, as has been done in France and in this country since 1878, one of the metals, the dearer one, will at once disappear from circulation and become a mere commodity, and will furnish a basis for speculation and unsettle the value of the money of the country.

In this connection it is urged by the advocates of silver that gold has appreciated so much that it is a very great injustice to the debtor class of the country to have to pay their obligations in gold. This declaration is not a fact, but a mere assumption; nay, more, as investigation proves, absolutely untrue, contravening the conclusions of the Senate committee report, which proves just the reverse.

To give color to this assumption an attempt is made on the part of the advocates of silver to prove that gold has appreciated in value by comparing it with one or two or possibly three commodities, more particularly cotton and wheat, the observation having been made that there was a striking coincidence in the rise and fall of these two great staples and silver. The advocates of silver were wont to say that they never had varied in any considerable degree. This declaration came very much nearer being true one year ago than now; for, within the past twelve months, although silver has remained practically stationary, the value of cotton has increased 50 per cent at times, and wheat has made a similar gain, so that the charm that this declaration had for certain wheat growers and certain cotton growers has been broken, and the assumption founded upon a mere coincidence has been shown to be a shallow fallacy. This fallacy was also exposed by the fact that when compared with other great staples like corn and oats there did not seem to be the slightest resemblance in the movements, proving that there was no connection between cotton and wheat and silver except the mere accident of coincidence during a certain length of time. But there is one fact still remaining that more than any other, indeed, than all others combined, ought to satisfy all the people of this country, but more particularly the laboring classes, and that is this: That while the silver dollar was constantly falling, going from a value of 104 cents in 1873 down to 64.2 cents in 1892, and still lower to 45.7 cents in 1894, the wages of the laboring masses of our people increased from a standard of $1.47 in gold in 1878 to $1.68 in gold in 1891. It is absolutely certain, therefore, that gold has not appreciated, but in fact has depreciated.

By the Senate committee report, known as the Aldrich report, it was demonstrated that up to 1891, the last year recorded in the table, wages measured in gold had nearly doubled since 1850, had more than doubled since 1840, and had increased 14 per cent since 1873. It was also shown that the cost of the articles used by the average laboring man for food and clothing had depreciated from 1873 to 1891 10 per cent, while the fall of prices in the same articles from 1840 to 1891 was 3 per cent.

Now take, if you please, the wages of a laboring man in 1840

as $1, and assume that it was consumed for the necessaries of life, food and clothing, and the same man in 1891 would have received $2.04 for his wages and yet have bought these same articles of food and clothing for 97 cents, leaving him a clear gain of $1.07 as against his day's labor in 1840. Again, if in 1873 this same man had received wages in greenbacks equivalent to $2 in gold for a day's labor, he would have received in 1891 $2.28 in gold for his labor, and would have purchased food and clothing at a gain of 20 cents a day, giving him a net profit in 1891 on a day's labor of 48 cents against his day's labor in 1873.

From this it is clearly seen that gold has not appreciated, but that it to-day takes less labor to produce one dollar in gold than it did in 1873. Therefore, it is established beyond question that no possible injustice can be done to any man by the maintenance of the gold standard, although it may be true that there may have been such changes in some line of employment as to make it harder for a man to make a living than then, because there is not the same demand for what he produces; but the average demand for all labor, which is the best measure of value, shows that there has been a very great appreciation of labor and a corresponding depreciation of gold. This brings us to the consideration of the two distinct propositions of the advocates of silver.

First. There is the silver advocate who believes in free coinage 16 to 1, and asks us to place him or silver where it was in 1873. Mark this, he does not propose to put silver where it was in 1873 in point of value, nor does he propose to be as honest as Alexander Hamilton was in 1792, nor as old General Jackson was in 1834, when they studiously investigated the question for the purpose of determining how much each dollar should contain, in order that they might be as nearly equal in value as possible. He does not propose to make the dollar 32 to 1, but under conditions utterly different, after all the great commercial nations of the earth have discarded it, and when silver is worth just one-half what it was then, he proposes that the Government shall put silver back where it was in 1873. Talk about the dishonesty of bull and bear movements in the New York Stock Exchange. Never in the history of the world was there such a gigantic scheme as this bill proposes, nor was there ever so little reason or justification of hope for success as in this one. The chivalrous feats of Vanderbilt and Gould pale before it in magnitude and rashness. There is $4,070,500,000 silver money in the world, and they propose to enter upon a bull movement to make it worth $8,141,000,000. Nay, more, to double the value of all the silver in the world, about $8,000,000,000, making it worth $16,000,000,000, a slight gain of 8,000,000,000 dollars. It takes a silverized fancy to even dream of such a transformation.

I have wondered whether the silver advocates, who all admit that we would certainly go to a silver basis, have counted the cost of this measure.

Have they paused to contemplate that we are dealing with deposits in loan and trust companies amounting to $471,298,816, worth their face in gold; that we are dealing with commercial money of all the farmers and merchants in the United States now deposited in the national and State banks, amounting to $2,359,761,015, now worth their face in gold; that we are dealing with the savings of the great masses of our people now deposited

in the savings banks of this country, amounting to $1,747,961,280, all worth their face in gold; that we are dealing with life-insurance policies belonging to the people, amounting to more than $1,200,000,000, all worth their face in gold; that we are dealing with the entire product of the labor of the American people, representing in concrete form the result of their daily toil, every year worth more than $12,000,000,000 in gold; that we are dealing with every dollar of property in the United States, from the little home of the prudent mechanic to the vast railroad interest that ties the Atlantic to the Pacific with its thongs of steel, amounting in gold value to more than $65,000,000,000; that we are dealing with vast exchanges of our commerce, involving every transaction, from the wages of a day laborer to the bank settlements between the financial institutions of our great clearing-house centers, which amounted in gold value in 1892 to $60,883,572,438?

Shall we pass this Senate amendment cutting all these obligations in two in the middle and thereby enable these various institutions to pay their fabulous debts with 50, 55, or 60 cents on the dollar to that grand army of industrious, frugal, saving, thrifty, and ambitious people upon whom the very hope and glory of this nation depend?

Take this step of 16 to 1 and we can not escape a most disastrous shrinkage in our circulating medium, as all must admit after a careful investigation.

The amount of money in circulation February 6, 1896, and the respective kinds were as follows:

Gold.	
Coin	$499,262,686
Certificates	49,847,849
Total	549,110,535
Silver.	
Dollars	56,629,676
Subsidiary	64,387,135
Certificates	331,614,339
Treasury notes	110.221,185
Total	562,852,335
Paper money.	
Greenbacks	245,745,840
Current certificates	28,925,000
United States national-bank notes	203,086,897
Total	477,757,737

or a total of $1,589,719,607 in the hands of the people and in the banks of the country.

Pass this law at the behest of the men who are claiming to try to give the people more money, and what will happen? Gold to the amount of $549,109,535 will cease to circulate as money, and we will then have among our people and in the banks, as money to do our commercial work with, but $1,040,610,072, silver and paper. Again, if this bull movement should fail to raise the price of the silver dollar above 50 cents, where it now is and where it is in Mexico and all over the world in silver-standard countries, the commercial value or working power of your $562,852,335 of silver money would be cut in two or reduced one-half, and your silver money with doubled prices would only be equal in power to effect exchanges of property to one-half what it is to-day, or $281,426,167.50. So that you can add the other half, or $281,426,167.50, to the

gold already withdrawn, making a total shrinkage of $830,535,-702.50. But this is not all. Your paper money has also gone to a silver basis and you must cut that in two, leaving you $238,878,-868.50 of working power as compared with that money to-day, for it is equal to gold and doing the work of gold in the commerce of the country. Add, then, if you please, this shrinkage to that already suffered, and you have a total shrinkage in the working power of the money now circulating of $1,069,414,560, or two-thirds of all the working power of the money in circulation to-day has been dissipated by this mad struggle for money you do not need.

But we are promptly informed by the silver advocates that they propose to fill this awful gap, this frightful vacuum, with silver. Silver from where? And how? And when? At the present value of silver it would take the United States alone, at the present rate of production, fifteen years to supply the economic or purchasing power we now have in our money; and yet we have too little to suit these same advocates. But suppose you could gather it from the four corners of the earth, what could you do with it? The bill which has come here from the Senate only provides that you may issue certificates after the silver is coined. Has it ever occurred to any one of these gentlemen advocating this measure to ask the Director of the Mint how much we can coin each year? I hold a letter in my hand signed by Mr. Preston, the Director of the Mint, which reads as follows:

TREASURY DEPARTMENT, BUREAU OF THE MINT.
Washington, D. C., February 6, 1896.

SIR: In reply to your letter of current date, I estimate the capacity of the mints for coining silver dollars at about $40,000,000 per annum, which, by working overtime, would admit of the necessary gold and subsidiary silver coinage being executed.

Respectfully, yours.

R. E. PRESTON.

Hon. CHARLES N. FOWLER,
House of Representatives.

From this it is clear that while it would take the United States fifteen years to produce enough silver at present values to fill the bottomless pit, it would take the United States mints, run at their full capacity, twenty-five years to turn it out even if they had it. Oh, but, as one of the silver advocates said to me the other night, "We will have to issue paper money, and then in the course of time redeem it." What a picture this is to contemplate. Surprised at the possibility of such a condition of things, the ever fertile, imaginative, theoretical advocate of free and unlimited coinage protests that silver would rise. Rise! How do you know it would rise? If at all, how much will it rise? Will you stake your own fortune upon your guess when every man around you sets a different figure to which it may rise? No, gentlemen, we have no right to speculate and gamble with sixty thousand millions of property, which ought to have and would have been seventy thousand millions but for the maladministration of the Government during the past three years. Like prudent men let us figure all the chances against us in a matter of such moment, for the imagination in its dizziest flights can not paint the havoc and ruin that this step in the dark will bring to every home, rich and poor alike.

Now, as has been pointed out, there is a true and actual bimetallism, a bimetallism wherein the stronger, most valuable, and most invariable metal carries a margin of credit in the less valuable metal.* Such is the system existing in this country and France to-day. One of the gentlemen discussing this question

said that he would be satisfied if we had such bimetallism as they had in France, and therefore was in favor of this Senate measure and its operation until the amount of silver coined in this country should be equal to the amount now in use in France. He evidently thought this could be done by issuing silver without reference to the necessary protection of a gold reserve to insure true bimetallism. The gentleman seems to forget that the Bank of France holds over $404,700,000 of gold and only $250,160,000 of silver, and has but one hundred millions of uncovered paper money. If the proposition of this gentleman was comprehensive in itself and provided for the requisite reserve, we might possibly coin more silver.

Indeed, I am of the opinion that if the United States Government had begun in 1879 and added to the gold reserve one-third of the amount of the depreciation of the silver dollars as fast as the depreciation became evident, and after the passage of the Sherman Act in 1891 had added the same proportion of gold for the protection of these outstanding demand obligations, as we already had for the protection of greenbacks, we might have been coining silver to-day. That is to say, if the United States Government had a gold reserve to-day, or should have gradually accumulated a reserve as its demand obligations increased, amounting in 1893 to about $300,000,000, no question would have been raised with regard to the credit of the country, and the banks would have continued to furnish the gold for export, and there would have been no sale of bonds except the $133,000,000 to cover the deficit and pay the current expenses of the Government. The two hundred and seventy-five millions of gold that has gone into the Treasury has not been to protect the gold, but to protect the credit and replace the gold that had been there to protect the credit.

The second proposition is that we must have more redemption money. But does the country need more redemption money? There is more money in this country to-day than is in use or necessary to transact its present business. Gentlemen upon this floor and many people in different parts of the country mistake their want of more wealth, bringing income for a want of more money. I do not mean to say that under present conditions, when doubts hang thick and black over every enterprise because there is no adequate protection to American labor and American capital, anyone will take a venture in business nor that property can be sold for what it would reasonably be worth in prosperous times. But that is not a misfortune of the money condition as to quantity, but as to quality and the lack of confidence. If the United States should offer to and does refund all her obligations, making them payable in gold, this protracted agony would soon be over.

There is no doubt that our monetary system lacks facility and elasticity, and that we ought to have a system that is more particularly adapted to our conditions than the present one seems to be. We should have a system that, while the values are measured in gold, would incorporate the use of as large an amount of silver as business requires and credit would permit, and also a circulation based upon the property of the country, issued where and when needed to handle and remove the crops in the various localities—the cotton in the South, the wheat in the Northwest, the cattle, hogs, and varied products of the West and Southwest. The circulation should expand and contract as the circumstances require, every dollar of our money as good as every other dollar.

and our best dollar as good as the best dollar in the world, and the credit of our nation higher than that of any other nation in the world.

It has been urged here upon this floor by certain gentlemen, and this seems to be a stock argument of the silver advocates, that the amount of standard money determines the price. If this were true, in France, with her $34.39 per capita metal money, wages and the cost of living would be higher than in Great Britain, with only $17.06 per capita, but as a matter of fact they are lower, and in the United States, with her $18.17 per capita metal money, our wages in gold are 100 per cent more or double what they are in France and living under the same conditions, but slightly higher, possibly 25 per cent. The following table, showing the weekly wages and cost of living in the respective countries, is taken from Mulhall, the great English statistician:

	Mexico.	France.	England.	United States.
Wages	No record.	$5.25	$7.75	$12.00
Living	No record.	3.00	3.50	4.00
Net profit per week	----------	2.25	4.25	8.00

It is further clearly established that the money in circulation has nothing to do with the price of articles or the wages of a country by the fact that from 1860 down to this hour there never has been a time when the per capita circulation of this country was much, if any, greater than it is now, and at one time it was as low as $10, and yet at no time during this whole period have prices been as low as they are to-day. The great advantages our people have over the laboring masses of Great Britain and France will enable everyone to discover how fallacious this claim is when the following figures are considered. We must not forget, in this connection, that the eternal song of the silver knight is that free coinage gives a larger per capita circulation. It will be observed that Mexico with but $4.71 is the only free-coinage country included in this table and has but $1 to England's $4; $1 to the United States $5.50, and $1 to France's $8, the very reverse of what is claimed:

	Mexico.	France.	England.	United States.
Gold	*$0.41	$21.54	$14.18	$9.09
Silver	4.13	12.85	2.88	9.08
Paper	.17	2.31	2.92	6.90
Total	4.71	36.70	19.98	25.07

* Estimated.

The gentleman from California, my friend Mr. JOHNSON, cried out in his anguish yesterday:

Why don't you do something for silver?

It was an appeal that might be made to any one of us as men to help a beggar, but we are not here to help either cotton, or corn, or wheat, or silver, or any other interest, unless in helping the United States they happen to be favorably affected.

To ask this House to take even the silver of the United States,

to say nothing of that of the world, which is worth but 50 cents on the dollar, and make it worth 100 cents simply for the sake of doing something for silver, is no more reasonable than to ask the United States to buy up all the cotton at 6 cents per pound and compel the people to take it at 12 because it was 12 in 1873; no more reasonable than to compel the United States, by legislation, to buy up all the wheat at 50 cents per bushel and sell it to the people at $1 per bushel because it was $1 a bushel in 1873; no more reasonable than to compel the United States to buy up all the horses and mules at $50 a head and force the people to purchase them at $100 per head because horseflesh was worth that price before the day of bicycles, cable cars, and electricity. Our duty is to the people, the whole people, and not to some one locality or some one interest, especially when such interest is so insignificant as silver compared with the other vast interests of our country.

Our annual silver product is equal to but 16 per cent of our wheat, 21 per cent of our cotton, 6 per cent of our corn, 5 per cent of our pork and beef, and but one-half of 1 per cent of all our other products.

Shall we then disregard and sacrifice all our other interests to so inconsiderable a portion of our annual products simply because the more advanced nations of the earth have ceased to use it as formerly?

We are not here to check inventions, paralyze improvements, and stop the progress of civilization.

Gold is the natural selection of modern commerce and only another illustration of that great natural law, "the survival of the fittest," and no legislation can change its ultimate place as the standard money of the world and the measure by which all values shall be determined.

We want as good money as any nation in the world. We want that of the highest standard and of the best quality; for we are the first nation in the world and must be up to date in the progress of the world. We want a basis of exchange that will leave no opportunity for bankers to squeeze the merchants out of 5 per cent on the pretense of doubtful money, or the cost of converting it into exchange. We want a basis that will leave no opportunity for merchants to squeeze 20 or 25 per cent out of the farmers and laboring men under the same pretense. We want a money so good that not one millionth part of a cent can be deducted from the wages of the laborer because of a doubt of its goodness.

It has been established beyond question that poor or fluctuating money has always resulted in great profit to the banker and a corresponding loss to the people, and the nearer you get to the laboring classes and the lower every form of labor the greater is the loss to the laborer.

When gold payments were suspended by France in the years 1871, 1872, and 1873 the dividends of the Bank of France were 20 per cent for the second half of 1871, 32 per cent for 1872, and 35 per cent for 1873, proving again the fact that had been established times without number that all of the loss growing out of poor money, or any money poorer than the best, is always borne by the people. During that long period of suspension of specie payments from 1797 to 1821 by the Bank of England it was but dividends and bonuses taken out of the trades people and laboring classes of Great Britain.

Mr. Edward Atkinson, our most subtle and profound writer on economics, says that the cost of the suspension of specie payments in the United States in 1862, and the use of greenbacks up to the time of resumption in 1879, cost the great mass of the people an incalculable amount, although bankers thrived as never before or since in this country.

Every imaginable doubt arising along the line of the development of the untouched raw material to the most elaborate productions are capitalized by the merchant and banker and deducted from the wages of the toilers, and this is necessarily so, because any other course would lead to certain ruin and a still greater calamity to the laborers themselves. Bad and doubtful money would furnish more opportunity and occasion for such deductions than any other one cause, and therefore no member of society is so deeply interested in the absolutely safe and invariable dollar as the day laborer.

Again, as I understand the silver advocates upon this floor, the reason they urge above all others is that they want to increase prices and stimulate trade.

That being so, the one Englishman to whom you refer and upon whom you rely for popular and political support, A. J. Balfour, is utterly at variance with you. In his Mansion House speech, now so famous, delivered August 3, 1893, he used this language:

> I have heard it stated by those who object to the views which I shall venture to defend before you to-day that all persons who advocate a double standard are desirous of inflating the currency, and thereby of artificially raising prices. Now, I am not concerned to deny that possibly in the Western States of America there may be a body of opinion of some importance on which this criticism might truly be passed. I speak with no authority on this point, and I may be quite wrong, but from such literature as I have been able to peruse, I think it possible that the inconvertible currency which at one time existed in America has left behind it in the West certain traditions and sympathies in favor of what I believe they call "soft money," which are open to the objection that those who hold them really desire not to keep the standard of values stable, but to lower it in favor of the debtor as against the creditor. But whether this be or be not true of America, I most emphatically assert that it is not true of any body of opinion in this country. Nobody I know of, no responsible person whom I have ever met or ever heard of, desires artificially to inflate the currency with the view of stimulating trade, or relieving debtors, or of robbing creditors.

Do you say prices should increase? Prices of what? There is but one thing that should increase in price in this country and all over the world, and that is labor. I have a hope that labor will never get less, but always be getting more and more, until the perfect equation is found and reached between labor and capital. On the other hand, I hope that everything that the average American needs to eat or wear, or use for his comfort, and the house in which he lives, or ought to live, shall grow cheaper and cheaper, so long as it does not come out of labor to the extent of a farthing, until the great mass of the people of this country can enjoy their existence as human beings ought to in the twentieth century in this great Republic of ours. We want cheaper and cheaper necessaries of life, but higher and higher wages and earnings for the farmers, mechanics, and every other conceivable producer in the land.

The gentleman from Arkansas thought the other day that he was making an argument when he informed the House that out of 1,600,000,000 people in the world two-thirds of them used silver alone. I presume he would have spoken as much of the truth if he had said one-third of them did not use any money at all that

was recognized by any of the civilized nations, even the silver-using people.

Considering the low state of civilization in much of the world and the absence of similar conditions in different parts of the world, it would have been just as pertinent for him to have remarked that of human beings, cattle, and horses in the United States two-thirds of them eat hay, and therefore we should all eat hay. It is apparent that the statement means absolutely nothing unless regard be had for the conditions in which human beings live. The truth is that from a state of barter to the use of some kind of metal—to the use of gold and silver—civilization has moved us along to the use of gold as a basis of value and an almost incalculable amount of business purely upon credit. There has been a gradual, constant, invariable movement in this direction on the part of the different nations of the earth, just in proportion as they have become civilized and have participated and become factors in the commercial world.

This is clearly demonstrated by the fact that the one nation, Great Britain, whose commerce reaches into every bay and crosses every lake, and covers every sea around the entire globe, and whose capital and commercial center is the commercial center of the entire world, does not recognize silver in the slightest degree, except as subsidiary coin. Germany, too, as soon as she became a great power, feeling the necessity of adopting the same standard if she would participate in the commerce of the world successfully, saw that she must have that standard that the laws of international trade had inexorably demanded. France, too, claimed by some to sustain a higher civilization than any other country in the world, was driven to the same standard to escape being entirely eliminated from the commerce of the world. And so it will be with each succeeding nation as it comes to take an active part in the interchange of products, for they will learn by sad experience, if the people are civilized like our own and not peons, the frightful expense of doing business on a different basis is borne by them alone. Then, are we to disregard all that has been achieved in the world in this particular line of development when we discover all the more civilized nations have adopted gold as a standard? Does the ambitious young man who enters business emulate the methods and habits of that man in the community who possesses the least degree of intelligence and wrestles with necessity and grovels in poverty, or does he not rather emulate and imitate the most skilled mechanic, the most thriving merchant, the most successful banker?

It is admitted as a fact by all parties that the nations that have a silver standard sustain the lowest forms of civilization, and that there are distinctly two classes—the wealthy, or nabobs, and the miserable peons, constituting the great mass of the people.

It is also a fact that all of the civilized nations of the earth are gold-standard countries, and while there are some countries that are not in the higher plane of civilization, those exceptions only prove the rule and show that wherever the light of civilization is breaking, there just as certainly you find a tendency to the gold standard.

It should be observed in this connection that in the two most distinctively gold-standard countries, the United States and Great Britain, wages and farm products are higher than anywhere else in the world, while in the distinctively silver-using countries—Mexico, China, and Japan—farm products are lower and labor cheaper than anywhere else in the world.

Finally, our friends affect great alarm at what may happen in the so-called scramble for gold, and warn us that there is not gold enough to do what the commercial world is actually doing, and point to our financial gyrations and contortions as if that proved anything. Does England experience any difficulty? Does Germany experience any difficulty? Does France experience any difficulty? No. Nor would we if we placed ourselves in an unequivocal position of good faith and honesty in black and white, instead of trying to maintain a position that will enable us at some time in the future to both lie and steal. For that disgraceful, but apparently to us, as a government, inestimable privilege, we have paid during the past eighteen months about $200,000,000, and lost through the withdrawal of confidence and capital probably ten times that amount, and possibly fifty times. God only knows what stagnation and destruction we have suffered because we have not simply said as a nation, We are and are going to be absolutely honest and keep good faith with all the world, and acted accordingly. Can we afford to make the promise in the midst of the supposed scramble? There is no scramble, and we can always afford to be honest; we can not afford to be anything else.

But what about the supply of gold? All the leading nations of Europe, England, France, and Germany have had no difficulty in keeping all they needed or wanted. Russia, in the meantime, has increased her accumulation of $119,000,000 in 1872 to $175,000,000 in 1887; to $301,000,000 in 1894, and now holds $400,000,000 ready to plant herself upon the gold standard.

The accumulation in our own country is equally significant. To the $213,199,977 we held in 1878 we added enough to make it $443,342,011 in 1881, and June 30, 1895, held $636,229,825. Now, what of the future? Let the most distinguished French political economist of to-day, Paul Leroy-Beaulieu, tell us. In the Forum, December, 1895, page 397, he says:

> The hesitation shown by so rich a country as the United States to adopt the single gold standard and reduce silver to the rank of subordinate or subsidiary coin is most surprising to Europeans. * * *
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> The lamentations of MM. Cernuschi and Laveleye, and numerous others less known, did, however, make some impressions upon numerous people. Certain statisticians admitted—erroneously, I think—an appreciation of gold, and in part attributed to it the fall in prices. Even Mr. Giffen, the zealous statistician of the British Board of Trade, adopted this opinion to a certain extent. To-day it has lost all value. The event confirming my predictions, which, however, were easily framed, has shown that the colonization of little-explored countries leads to the discovery of very productive gold mines. Since 1888 the production of gold has advanced considerably. In 1894 it exceeded 800,000,000 francs ($160,000,000), in place of the average product of 500,000,000 francs ($100,000,000) from 1881 to 1883. This production leaves far behind the average of the great auriferous period of 1850 to 1870. A new age of gold is opening, which will strikingly eclipse that which followed the Californian and Australian discoveries in 1850.
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> The production of gold is increasing in all countries—in the United States, Australia, and Russia; and it tends to become prodigious in South Africa. An able English banker of high repute, Sir Edgar Vincent, returned a few weeks since from the Transvaal and gave it as his opinion that that country contained 25,000,000,000 francs ($5,000,000,000) in gold, to be extracted in twenty years. In 1895 the product of the Transvaal alone will probably reach 250,000,000 francs ($50,000,000), and will probably reach 500,000,000 francs ($100,000,000) in four or five years, if not sooner. In a few years South Africa will produce as much gold as was produced in the entire world in 1883 or 1884. In the meanwhile the old auriferous countries, very far from being exhausted, are augmenting their production and reveal new deposits to prospectors. It is probable that Siberia will in its turn come upon the scene as a great gold-bearing country, when the transsiberian railway shall have been completed, as it will be in a few years.
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> If we reflect that from 1492 (the year of the discovery of America) to 1893, four centuries, the production of gold, according to the most trustworthy statistics, was only 43,000,000,000 francs ($8,600,000,000), and that the Transvaal alone is presumed to be capable of producing in twenty years 25,000,000,000 francs ($5,000,000,000), we shall understand how little question there can be—by the end of this century or the first quarter of the next, at the farthest—of the scarcity of gold, of the scramble for gold, of the appreciation of gold, and all the other formula that swarmed as scarecrows through the writings of the bimetallists from 1880 to about 1890. The situation is completely reversed. Within two or three years the world will yield more than 1,000,000,000 francs in gold, probably even 1,200,000,000 francs ($200,000,000 to $240,000,000) annually, and this will continue for twenty-five or thirty years, if not for fifty or more.

At the present time the total quantity of gold used in the entire world as money amounts to only $4,086,800,000. If the present annual output of gold, now exceeding $200,000,000, continues for the next twenty years, we will more than produce the amount now used as money. And in the next forty years, upon the same average, the world will produce more gold than it did from 1492 to 1893, a period of four hundred years.

This vast annual product of gold, now overleaping the two-hundred-million mark and reaching up to $300,000,000 per annum, is but the counterpart of that revolution in the relations of the great commercial nations of the earth, and the evolution in production and the distribution of all those things that man now consumes.

The last, the remotest, possible doubt with regard to the basis of value must now be removed, for the entire world is fast coming to be but one single neighborhood, the greater portion of it, commercially speaking, being more conveniently located than were New York, Boston, and Philadelphia fifty years ago. The merchant of New York, Chicago, or San Francisco within the business hours of a single day buys and sells goods in London, Paris, Berlin, St. Petersburg, Constantinople, and the Orient.

The annual exports of domestic products of the United States, Great Britain, Ireland, Germany, Belgium, the Netherlands, and France amount to $4,000,000,000, and possibly every dollar of it is by balancing credits, and the margin of profits narrow, especially if the measure of value is certain and stable.

Mr. Edward Atkinson has made the following estimate of the productions of the various countries:

United States: Population approximately 70,000,000—producing within its own area an excess of food, fuel, timber, ores, and fibers—annual product computed at $225 per head	$15,750,000,000
Great Britain and Ireland: Population approximately 40,000,000—deficient within its own area in food, ores, and fibers—annual product computed at $170 per head	6,800,000,000
	22,550,000,000
Germany, Belgium, and the Netherlands: Population approximately 64,000,000—food barely adequate, often deficient; also deficient in fuel, timber, and fibers—annual product computed at $125 per head	8,000,000,000
France: Population approximately 40,000,000—deficient in fuel, ores, and fibers; rich in agriculture—annual product computed at $150 per head	6,000,000,000
Total production, in round figures	36,550,000,000
These are approximate estimates only, which may serve to give a slight comprehension of the problem.	
Let it be assumed that one-fourth of this product is consumed where it is produced, without purchase or sale, and therefore without the use of money, say	9,550,000,000
Remainder	27,000,000,000

He significantly remarks that without doubt "in the transformation of the ores into mechanism and tools, of the timber into buildings, furniture, etc., of the grain into bread, dairy products,

and meats, and of the fibers into clothing, not less than three times this vast sum of $27,000,000,000, or the incomprehensible amount of $71,000,000,000" of property has passed from man to man. Now, the one thing above all others combined that will insure to labor its full share is an invariable and unquestioned basis of value. Throw into this vast transaction the doubt of 10 per cent and the producers will be deprived of $7,100,000,000, which will be distributed among the middlemen, merchants, and bankers.

The advance in electricity, the telephone, and all material things has been no more phenomenal than the new order of things in the world of commerce. Shall we banish steam, electricity, and the telephone, returning to the primitive sailing vessels, stagecoaches, tram cars, and the horseback postmen; or shall we sweep on into the twentieth century holding fast to all we have gained and confident that the achievements of the coming century have hardly been foreshadowed in the nineteenth?

Our progress will certainly be along material lines conserving the comfort and welfare of mankind. All the peoples of the earth will be in daily conversation with each other by means of the telegraph and telephone.

Then "we may well deepen our harbors and widen their channels," and we may well remove every doubt hanging over our exchanges, so that "the ships that pass between this land and that shall be like the shuttle of the loom weaving the web of concord among the nations."

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